Is DEI Dead?
by Charles B. Wendel

"It is well established that implementing diversity, equity & inclusion initiatives can give a company a competitive edge in the marketplace." So claims a recent article in a finance industry magazine.

Few oppose the concept of a diverse workforce that brings with it a different set of life experiences and perspectives. Equality for all should be a concept that we all support and is fundamental to American life. And, yes, inclusion of any good employee, no matter their lifestyles aligns with the values of most of us. But the DEI movement, as with many other initiatives, has turned in to a fad that, once popular, is now ebbing away.

For sure the DEI movement has benefited many:
- Consultants who jumped on the bandwagon early with specialized approaches to encourage and meet pent up DEI needs
- Trainers who focused on programming employee attitudes
- HR managers who could add the DEI initiative to their ever-increasing world and sometimes act as judge and jury over internal conflicts
- Activists who saw DEI as a way to propel their favorite initiatives, including climate change activities
- And listed last, but we hope the first DEI priority, those employees or recruits who previously had not been given a fair shot at a job or a well-deserved promotion

A sure sign of virtue signaling, ABC news reported that "a Linked In study found that chief diversity and inclusion officer positions grew by 168.9% from 2019 to 2022." But senior management enthusiasm for these employees has changed.

The July 2023 ABC News story "How Corporate America is Slashing DEI Workers" reports that "DEI positions have been disproportionately hit by layoffs across industries, but particularly at tech companies, which have faced financial challenges as sales slowed from the blistering pace attained during the pandemic." A 600-company study from Revelio Labs said that "One in three DEI professionals lost their roles over a one-year period ending in December [2022]."

Of course, companies like Amazon, Intel, and Nike stress their commitment to increasing diversity even as they cut DEI personnel. But as the *Washington Post* reports, "These commitments can sound hollow to people who have worked in the corporate DEI space." One DEI employee noted that "companies tend to back off these in economic downturns."

No surprise to that employee: "There's a disconnect between companies' public statements on diversity and inclusivity and their willingness to follow through. Years of working in DEI, she said, showed her that even well-intentioned companies often hesitate to invest seriously in areas such as employee resource groups, recruiting and onboarding improvements, and DEI training and certification."

As U.S. companies reduce DEI employees the *Washington Post* reports that “At least a dozen states are considering legislation that would attack DEI spending and overhaul hiring initiatives in higher education.” And states are removing investment funds from DEI/ESG-centric firms: “They have moved in six states to pull a total of more than $3 billion from BlackRock, the behemoth fund manager that has taken a lead in demanding corporate leaders more heavily factor climate change into their decision-making and disclosures.”

The *Washington Post* article goes on, “Demographics are shifting in the world and in the U.S. more broadly,” said Daniel Oppong, the founder of the Courage Collective, a consulting company specializing in diversity, equity, inclusion and belonging (whatever that is). “No brand can say they have a growth strategy if they’re not considering historically underrepresented and marginalized folks.” But it’s been bizarre and “disheartening” to watch conversations about ESG and DEI become a political pinball, Oppong said. Of course, his personal economics depend upon companies highlighting DEI.

Just as banks shift their sales enthusiasm from one product emphasis to another, so too with DEI. The thrill is gone. Companies overstaffed in this area and now are whittling down these groups.

A better approach, and one followed by a few banks, involved selective DEI hiring with the active involvement of current staff, in particular line of business heads. Instead, a DEI focus was imposed upon banks who are already operating under the weight of increased outside regulatory scrutiny and a more aggressive internal audit group. The “gift” of a DEI initiative was unappreciated by many bankers, no matter its potential value.

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